

Message Text

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PAGE 01 ANKARA 03128 191444Z

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ACTION EUR-12

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 3254

INFO AMCONSUL ISTANBUL

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E.O. 11652 NA

TAGS: EINV, BDIS, TU

SUBJ: CANCELLATION OF CPC INTERNATIONAL INVESTMENT DECREE

REF STATE 93433

1. EMBASSY HAS SINCE MID 1974 MADE A NUMBER OF REPRESENTATIONS TO GOT TO ASSIST CPC INTERNATIONAL IN THE DIFFICULT SITUATION WHICH AROSE BECAUSE OF CANCELLATION OF ITS INVESTMENT DECREE UNDER LAW 6224. AMBASSADOR MACOMBER ON APRIL 12 WROTE AGAIN TO FOREIGN MINISTER CAGLAYANGIL REFERRING TO THE FINANCE MINISTRY'S RECENT WARNING LETTER TO CPC'S TURKISH AFFILIATE BEMIS (MENTIONED IN PARAGRAPH 5 REFTEL). A COPY OF THE AMBASSADOR'S LETTER HAS BEEN POUCHED TO EUR/SE. PREVIOUSLY THE AMBASSADOR WROTE TO (THEN) FOREIGN MINISTER MELIK ESENBEL IN JANUARY 1975 AND TO FOREIGN MINISTER CAGLAYANGIL ON OCTOBER 30, 1975 REQUESTING THAT HE PASS ON A LETTER FROM THE AMBASSADOR TO PRIME MINISTER DEMIREL. THIS MATTER HAS ALSO BEEN DISCUSSED A NUMBER OF TIMES SINCE 1974 BY EMBASSY OFFICERS WITH OTHER OFFICIALS OF THE FOREIGN MINISTRY AND THE MINISTRY OF FINANCE.

2. OUR EFFORTS HAVE BEEN DIRECTED AT GETTING GOT TO SUSPEND ACTION AGAINST THE US FIRM UNTIL ITS APPEALS AND APPLICATIONS FOR A NEW DECREE UNDER LAW 6224 HAVE BEEN FULLY CONSIDERED. WE HAVE REPEATEDLY POINTED OUT, AMONG OTHER ARGUMENTS, THAT SITUATION AROSE THROUGH NO FAULT
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PAGE 02 ANKARA 03128 191444Z

OF US INVESTOR OR ITS AFFILIATE WHO HAVE MADE EVERY EFFORT

TO COMPLY WITH APPLICABLE TURKISH LAW AND REGULATION.
CONSEQUENTLY WE HAVE URGED AN EQUITABLE RESOLUTION OF THIS
PROBLEM THAT DOES NOT IN ANY WAY PENALIZE THE US INVESTOR.

3. OUR EFFORTS IN THE PAST HAVE HELPED, WE BELIEVE, TO
BRING ABOUT SEVERAL SUCCESSIVE POSTPONEMENTS OF THE DEADLINE
FOR LIQUIDATION OF CPC'S INTEREST IN BEIS. WE UNDER
STAND THAT UPON RECEIPT OF THE AMBASSADOR'S LETTER OF APRIL
12, FOREIGN MINISTER CAGLAYANGIL HAS AGAIN INSTRUCTED
FOREIGN MINISTRY OFFICIALS TO LOOK INTO THIS MATTER. NO
FURTHER DECISION HAS YET BEEN TAKEN HOWEVER.

4. AMBASSADOR MACOMBER PLANS TO RAISE THIS SUBJECT AGAIN
AT AN EARLY OPPORTUNITY WITH FOREIGN MINISTRY SECRETARY
GENERAL ELEKDAG IN CONTEXT OF A DEMARCHE REGARDING OUR
CONCERN OVER THE FOREIGN INVESTMENT CLIMATE GENERALLY.
IN THIS APPROACH, SPECIFIC MENTION WILL BE MADE ALSO OF
(A) DELAYS AND OBSTACLES ENCOUNTERED BY FOREIGN FIRMS
MAKING NEW INVESTMENT PROPOSALS, (B) MOBIL'S CONTINUING
DIFFICULTIES WITH MINISTRY OF ENERGY OVER CRUDE PETROLEUM
IMPORT PRICE, AND (C) PRESSURES AND RESTRICTIONS ON
US FIRMS IN PHARMACEUTICAL SECTOR. TWO US FIRMS (ABBOTT
AND SQUIBB) HAVE RECENTLY WITHDRAWN FROM TURKEY BECAUSE
OF THESE PRESSURES (WHICH ALSO HANDICAP TURKISH FIRMS IN
THIS SECTOR, ALTHOUGH TO A LESSER EXTENT).

5. EMBASSY WILL KEEP IN TOUCH WITH LOCAL REPRESENTATIVES
OF CPC AND BEMIS AND WILL CONTINUE TO ASSIST INsofar AS
POSSIBLE.
MACOMBER

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